

## Message Text

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PAGE 01 STATE 019994

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TAGS: CI, EFIN

SUBJ: LENIZ/SAEZ INTERVIEW IN WASHINGTON POST

1. WASHINGTON POST JANUARY 30 CARRIES DIUGUID INTERVIEW OF ECONMIN FERNANDO LENIZ AND ECON ADVISOR RAUL SAEZ, HEADLINED "CHILE REQUESTS IMF LOAN, SEEKS U.S. AID." EXCERPTS FOLLOW.

2. QUOTE: CHILE HAS ASKED THE IMF FOR A MAJOR LOAN TO OVERMENT'S TOP.. THEY EXPECT AN ABSWER TODAY. WHILE THE CHILEANS WOULD NOT VERIFY THE PRECISESIZE OF THE LOAN REQUESTED FROM THE IMF, IT IS EXPECTED TO BE CLOSE TO \$100 MILLION, WITH THE POSSIBILITY THAT THE AMOUNT WILL BE DOUBLED LATER. LENIZ AND SAEZ ARE IN WASHINGTON TO MEET WITH REPRESENTATIVES OF THE WORLD BANK AND THE U.S. GOVERNMENT AS WELL AS THE IMF. ....ALLENDE CONSIDERED ASKING FOR THE POLITICALLY UNPOPULAR STANDBY LOAN, BUT MEMBERS ON THE LEFT OF HIS MARXIST COALITION REJECTED IT AS AN INFRINGEMENT OF SOVEREIGNTY. IMF DID LEND THE ALLENDE GOVERNMENT ABOUT \$120 MILLION OVER THE THREE YEARS, MOSTLY TO OFFSET FLUCTUATIONS IN THE EXPORT PRICE OF COPPER. THE IMF WAS THE ONLY INTERNATIONAL LENDER TO OFFER MAJOR AID TO ALLENDE. ...WITH THE INTERNATIONAL PRICE OF COPPER ALSO NEAR A RECORD, CHILE'S DOLLAR EARNINGS ARE FAR ABOVE THE

LEVEL DURING THE THREE YEARS OFTHE ALLENDE GOVERNMENT.

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PAGE 02 STATE 019994

BUT LENIZ POINTED OUT THAT CHILE IS NOW IMPORTING 70 PER

CENT OF ITS PETROLEUM, THE COST OF WHICH HAS RISEN EVEN MORE DRAMATICALLY. BY THE CHILEANS' FIGURES, THE ANNUAL COST OF PETROLEUM-RELATED IMPORTS WILL RISE TO \$400 MILLION THIS YEAR FROM \$120 MILLION BEFORE THE PRICE INCREASES THAT FOLLOWED THE MIDDLE EAST WAR LAST OCTOBER. BOTH LENIZ AND SAEZ DECLARED THAT THEY SAW NO PRESENT THREAT TO THE STABILITY OF THE MILITARY GOVERNMENT. 'IF YOU ASK ME, 'HOW ABOUT IN 12 MONTHS?', I DON'T KNOW, SAID LENIZ. 'I HOPE (THAT BY THEN) WE WILL HAVE LARGE SUCCESSES.' ....LENIZ CHARACTERIZED THE PRESENT GOVERNMENT AS A DICTATORSHIP, BUT ARGUED THAT IT ACTED IN A MORE LEGAL MANNER THAN DID ITS PREDECESSOR. SAEZ SAID THAT FORMER MEMBERS OF THE ALLENDE GOVERNMENT NOW IMPRISONED WILL BE PLACED ON TRIAL--'PROBABLY INDIVIDUAL TRIALS'--IN THE COMING WEEKS. ....SAEZ SAID THAT ALLENDE'S AMBASSADOR TO WASHINGTON, ORLANDO LETELIER, HAS BEEN TRANSFERRED TO THE MAINLAND FROM DAWSON ISLAND, IN THE STRAITS OF MAGELLAN, BECAUSE OF ILL HEALTH. IN MOST CASES THE JUNTA HAS PUBLISHED NO SPECIFIC CHARGES AGAINST FORMER OFFICIALS, BUT SAEZ SAID LETELIER IS ACCUSED OF MISMANAGEMENT. ....REGARDING THE ECONOMIC REASONS FOR THEIR VISIT TO WASHINGTON, THE PAIR INDICATED A FAVORABLE DISPOSITION ON THE PART OF INTERNATIONAL LENDERS TO EXTEND CREDITS--WHICH WERE LARGELY CUT OFF UNDER ALLENDE. A MAIN REASON FOR THAT CUT-OFF WAS THE FAILURE OF ALLENDE'S GOVERNMENT TO COMPENSATE AMERICAN-BASED COPPER COMPANIES FOR EXPROPRIATED INVESTMENTS. THE JUNTA APPOINTED SANTIAGO LAWYER JULIO FELIPE (SIC) AS NEGOTIATOR ON THE QUESTION OF COMPENSATION, AND SAEZ SAID HE IS DUE IN WASHINGTON TODAY TO BEGIN TALKS WITH THE COMPANIES. SAEZ ALSO INDICATED THAT FOREIGN INVESTMENT WILL BE SOUGHT TO FORM A JOINT COMPANY FOR EXPLOITATION OF A POTENTIALLY HUGE COPPER MINE IN THE NORTHERN ATACAMA DESERT... . END QUOTE.

3. POUCHING ARTICLE. KISSINGER

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